

Committee on Ways And Means

Physician Payments

- The Deficit Reduction Act (DRA) prevents a 4.4 percent reduction in payment rates for physicians and other practitioners which would have occurred in January 2006. This reduction could have reduced beneficiary access to quality physician services.
- The DRA provides a one year freeze in payment rates, increasing payments to physicians by \$7.3 billion over 5 years. This provision helps ensure continued beneficiary access to high quality health services.
- The DRA requires the Medicare Payment Advisory Commission (MedPAC) to report to Congress by March 2007 on alternatives to the current physician payment formula.
- CMS will reprocess claims that were already paid in January 2006 using the reduced payment rates. This reprocessing is expected to be completed by July 1, 2006. Physicians and other practitioners paid under Medicare's physician fee schedule may expect several aggregated payments during that time.
- The higher payment rates may affect a physician's decision to participate or not participate in Medicare. CMS will conduct a second 45-day participation enrollment period to allow physicians to change their participation decision, if they so desire.